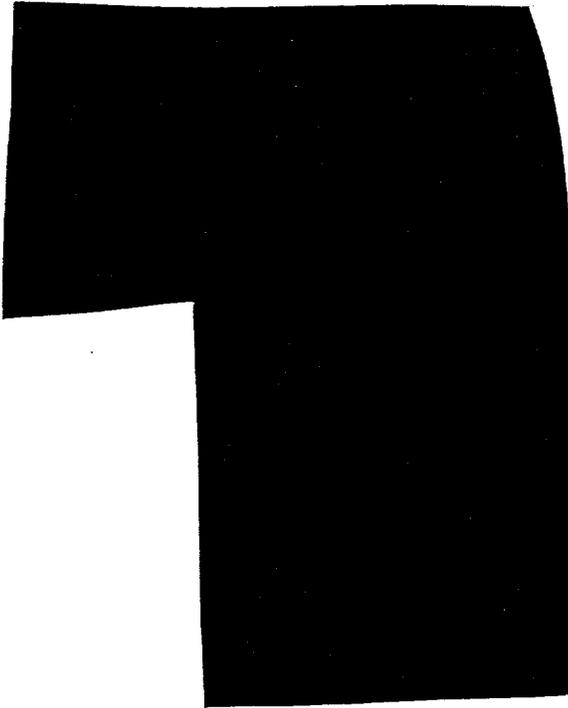


2. THE HUNGARIAN SITUATION (as of 0100, EST)

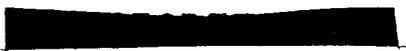


Soviet forces in all of Hungary, except in Budapest, have disengaged themselves from the fighting but, according to a cable from the American legation in Budapest, the situation, late on 29 October, remained "tensely ugly as the populace is still completely unreconciled to promises of the Nagy regime." The legation reported that "all evidence points to the fact that the Russians are not pulling out of Budapest" despite the announcement by Budapest Radio that the rotation of Hungarian army troops replacing Soviet troops has begun. Three Soviet divisions were controlling the capital, according to the legation, and all had been quiet on the 29th except for a Soviet attack against an estimated 1,000 insurgents holding out in the Kilian military barracks.

Soviet foreign minister Shepilov, at a Moscow reception on the night of 29 October reportedly stated that Soviet troops will be withdrawn from Budapest only when the rebels lay down their arms. Minister of Defense Zhukov indicated that the removal of Soviet troops from Hungary was contingent upon common agreement with the Warsaw Pact nations.

Insurgent forces, which seem to control major portions of the country, appear unwilling to surrender their advantage unless their demands are met. Indications that elements of only two of the ten Hungarian line divisions are active against the rebels suggest that the other Hungarian army units either support the insurgents or remain passive.

The Nagy regime is working feverishly to satisfy enough demands to pacify the rebels and win them over. The ineffectiveness and vacillation of the regime, however, have damaged its position. A "Revolutionary Committee



[REDACTED]

of Hungarian Intellectuals," formed on 28 October, has joined the rebels in the provinces in calling for a "general and secret election with the people able to nominate candidates freely." The manifesto, signed by several leading Hungarian writers, including many Communists, represents a change in the attitude of certain literati who, in the early days of the revolution, supported Nagy without such sweeping demands.

The apparent lack of organization of the nationalist groups, their somewhat differing programs, and differences in their willingness to compromise, may reduce their bargaining power in any negotiations with Nagy. The groups appear united, however, in their unwillingness to agree to any terms which do not provide for guaranteed withdrawal of Soviet troops.

The continued absence of all-out Soviet military action and the political manipulations of the Nagy regime suggest that the Russians, in an effort to shore up Nagy at the head of a national Communist-dominated coalition government, have for the moment sidetracked the two principal alternatives: full-scale war against the Hungarian nation or withdrawal of Soviet troops without preparations to maintain Moscow's hegemony over Hungary. Soviet presidium member Mikoyan reportedly arrived in Budapest late on 28 October on a mission which may clarify the Soviet position. [REDACTED]